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Ambac**Municipal Bond Insurance Policy**Issuer: **DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY**

Ambac Assurance Corporation
a division of CT Corporation Systems
11 East Mifflin Street, Madison, Wisconsin 53703
Administrative Office
One State Street Plaza, New York, New York 10004
Telephone: (212) 668-1340

Policy Number: **17548BE**

Bonds: **\$451,448,217.30 Las Vegas Monorail Project Revenue Bonds,
1st Tier Series 2000, dated September 1, 2000 for the Current
Interest Bonds and their Date of Delivery for the Capital
Appreciation Bonds, consisting of (1) AS FURTHER
DESCRIBED ON THE REVERSE HEREOF)**

Premium: **\$22,709,655.40****Ambac Assurance Corporation (a/k/a) A Wisconsin Stock Insurance Company**

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to United States Trust Company of New York, as trustee (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Ambac will make such payments to the Insurance Trustee within one (1) business day following notification to Ambac of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appertaining coupons, uncancelled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's right to payment.

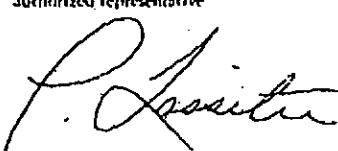
In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncancelled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, in as to permit ownership of such Bond to be registered in the name of Ambac or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to Ambac all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of, or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund instalment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (in that by application of required sinking fund instalments), acceleration or other advancement of maturity, and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

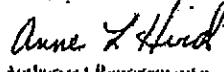

F. Rosister

President




Anne G. Gill

Secretary


Anne L. Hurd
Authorized Representative


William Weber

Effective Date:

September 20, 2000

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No. 10-0001-1

A-5405

001740

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
212.668.0340

A member of Ambac Financial Group, Inc.

September 13, 2000

Gregory B. Carey
Salomon Smith Barney
390 Greenwich Street, 2nd floor
New York, NY 10013

RE: The State of Nevada, Department of Business and Industry, Las Vegas, Monorail Project Revenue Bonds, 1st Tier Series 2000, dated September 1, 2000.

Ambac

Dear Mr. Carey:

The closing for the above-captioned bonds issue are scheduled for September 20, 2000. Please be advised that payment of Ambac Assurance Corporation's premium for such issue should be made on the morning of closing by a federal funds wire transfer in the total amount of \$23,070,714.49, (\$22,709,655.40 for the Policy and \$361,059.09 for the Surety Bond). Ambac's wiring instructions are as follows:

Citibank N.A., ABA NO. 021000089
For: Ambac Assurance Corporation, A/C No. 40609486
INDICATE NOS. 17548BE AND SB1080BE ON WIRE

Upon confirmation, by Ambac or its agent, of the federal funds wire transfer number and the delivery of the unqualified approving opinion of bond counsel either addressed to Ambac Assurance Corporation or accompanied by a reliance letter addressed to Ambac Assurance Corporation, Ambac's Closing Department will authorize release of its Municipal Bond Insurance Policy and Surety Bond.

In an attempt to maintain current files, please have Ambac placed on the Issuer's mailing list to receive its annual audit report and budget. Please direct this information to:

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004

ATTN: SURVEILLANCE DEPARTMENT

Should you have any questions regarding the above procedures, please do not hesitate to call the undersigned at (212) 208-3331.

Sincerely,


Danielle Brackett
Closing Coordinator

cc: Richard I. Hiscocks, Esq.

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